

State: MINNESOTA

TN: 88-69

Effective: July 1, 1988

Approved: 5/29/89

Supersedes: None

SUPPLEMENT 11 TO  
Attachment 4.19-A  
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OFFICIAL

1.2.

Background: PROPERTY/PASS THROUGH LIMIT ON INCREASE

State Plan Effect: This change has been incorporated into the text, assurances, and findings of this attachment.

Amended Statute:

Subd. 2. [RATES FOR INPATIENT HOSPITALS.] On July 1, 1984, the commissioner shall begin to utilize to the extent possible existing classification systems, including Medicare. The commissioner may incorporate the grouping of hospitals with similar characteristics for uniform rates upon the development and implementation of the diagnostic classification system. Prior to implementation of the diagnostic classification system, the commissioner shall report the proposed grouping of hospitals to the senate health and human services committee and the house health and welfare committee. The computation of the base year cost per admission and the computation of the relative values of the diagnostic categories must include identified outlier cases and their weighted costs up to the point that they become outlier cases, but must exclude costs and days beyond that point. Claims paid for care provided on or after August 1, 1985, shall be adjusted to reflect a recomputation of rates, unless disapproved by the federal Health Care Financing Administration. The state shall pay the state share of the adjustment for care provided on or after August 1, 1985, up to and including June 30, 1987, whether or not the adjustment is approved by the federal Health Care Financing Administration. The commissioner may reconstitute the diagnostic categories to reflect actual hospital practices, the specific character of speciality hospitals, or to reduce variances within the diagnostic categories after notice in the State Register and a 30-day comment period. After May 1, 1986, acute care hospital billings under the medical assistance and general assistance medical care programs must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments with inpatient hospitals that have individual patient lengths of stay in excess of 30 days regardless of diagnosis-related group. For purposes of establishing interim rates, the commissioner is exempt from the requirements of chapter 14. Medical assistance and general assistance medical care reimbursement for treatment of mental illness shall be reimbursed based upon diagnosis classifications. The commissioner may selectively contract with hospitals for services within the diagnostic classifications relating to mental illness and chemical dependency under competitive bidding when reasonable geographic access by recipients can be assured. No physician shall be denied the privilege of treating a recipient required to utilize a hospital under contract with

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Amended Statute:  
(cont'd)

the commissioner, as long as the physician meets credentialing standards of the individual hospital. Effective July 1, 1988, the commissioner shall limit the annual increase in pass-through cost payments for depreciation, rents and leases, and interest expense to the annual growth in the ~~consumer-price-index-for-all-urban-consumers-(CPI-U)~~ hospital cost index described in section 256.969, subdivision 1. When computing budgeted pass-through cost payments, the commissioner shall use the annual increase in the ~~CPI-U~~ hospital cost index forecasted by Data Resources, Inc. consistent with the quarter of the hospital's fiscal year end. In final settlement of pass-through cost payments, the commissioner shall use the ~~CPI-U~~ hospital cost index for the month in which the hospital's fiscal year ends compared to the same month one year earlier.